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REAGAN ADMINISTRATION BACKS OFF PROPOSAL FOR CIA DOMESTIC SPYING

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WASHINGTON (AP) - The Reagan administration is considering an order to expand the power of U.S. intelligence agencies but has backed off an earlier proposal to put the CIA heavily into domestic spying.

Administration agencies and congressmen have been asked for comment on a new draft of a presidential order governing conduct of the intelligence agencies. If approved by President Reagan, the order would replace one signed in January 1978, by President Carter which established the current rules under which the CIA, FBI, National Security Agency, Defense Intelligence Agency and other intelligence groups operate.

As Reagan promised during his campaign, the new draft would remove some of the restrictions Carter imposed. But it sharply reduces the domestic role envisioned for the CIA in an earlier draft which leaked in late March.

The Associated Press obtained major portions of the new draft Thursday night. CIA spokesman Dale Peterson confirmed Thursday that a new draft is being reviewed, but declined to discuss specifics of it.

The March draft would have allowed the CIA to use break-ins, physical surveillance and infiltration to obtain information from U.S. residents and corporations even if they were not suspected of crimes or of being foreign agents.

It also would have allowed the CIA to try to secretly alter the activities of some domestic groups with foreign ties. And the chiefs of various intelligence agencies rather than the attorney general would have been empowered to approve such tactics.

In contrast, the new draft keeps many Carter administration safeguards against abuses of civil liberties of the kind that a Senate committee said the CIA engaged in during the 1960s and 1970s.

The first draft prompted Deputy CIA Director Bobby R. Inman to tell a reporter: "I'm doing my damndest to keep this train from running off into one where we do end up with a series of repugnant changes for which I would not stay in this administration." Inman told a news conference in March that the CIA was interested only in expanding its ability to combat terrorism.